DOCUMENT RESUME

ED 457 383 CE 082 426

AUTHOR	Hicks, Lisa; Olins, Alexandra; Prince, Heath
TITLE	Aligning Economic and Workforce Development Activities in Baltimore. Research Findings.
INSTITUTION	Jobs for the Future, Boston, MA.
SPONS AGENCY	Annie E. Casey Foundation, Baltimore, MD.; Open Society Inst., New York, NY.; Abell Foundation, Baltimore, MD.
PUB DATE	2000-11-00
NOTE	33p.
AVAILABLE FROM	For full text: http://www.jff.org/pdfs%20and%20downloads/Balt%20ED-WD%20align.pdf.
PUB TYPE	Reports - Research (143)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Administrator Attitudes; Administrator Role; Case Studies; Change Agents; Comparative Analysis; Cooperative Planning; *Coordination; Data Collection; Delivery Systems; *Economic Development; Education Work Relationship; Employer Attitudes; Employers; Employment Patterns; Government Role; *Labor Force Development; Labor Market; Models; Participation; *Policy Formation; Program Evaluation; Program Implementation; *Public Policy; Research Projects; Research Utilization; School Business Relationship; State of the Art Reviews; Strategic Planning; *Systems Approach; Trend Analysis; Urban Areas; Urban Planning; Urban Programs
IDENTIFIERS	California (Berkeley); Employer Role; *Maryland (Baltimore); Massachusetts (Boston); Ohio (Cleveland); Oregon (Portland); Tennessee (Memphis); Texas (Austin); Washington (Seattle)

ABSTRACT

Recent efforts to build economic and work force development systems in seven leading cities were reviewed to inform similar efforts undertaken in Baltimore, Maryland. Research examining efforts to establish work force development systems in the following cities were analyzed: Austin, Texas; Berkeley, California; Boston, Massachusetts; Cleveland, Ohio; Memphis, Tennessee; Portland, Oregon; and Seattle, Washington. The analysis established that cities that have made progress in coordinating economic and work force development activities have tended to share the following essential characteristics: (1) the level of coordination among municipal agencies and organizations responsible for economic and work force development activities is high; (2) the business community endorses and participates in coordination; (3) the political will to make hard decisions is evident; and (4) coordination efforts involve a broad range of industries. The following recommendations were offered for Baltimore officials: (1) convene and mobilize key municipal participants; (2) utilize key programs; (3) determine the role of the mayor; and (4) organize activities around sectors of the local economy. (Discussions of the following topics are appended: the economic and political context for aligning economic and work force development in Baltimore; factors conducive to alignment in Baltimore; the methodology and comparison city selection criteria; and system performance measurement.) (MN)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 457 383

Aligning Economic and Workforce Development Activities in Baltimore

RESEARCH FINDINGS

By
Lisa Hicks, Alexandra Olins, and Heath Prince

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

M. Miller

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Jobs for the Future
88 Broad Street, 8th floor
Boston, MA 02110
(617)728-4446; Fax: (617)728-4857
www.jff.org

November 2000

CE 082 426

BEST COPY AVAILABLE

Table of Contents

INTRODUCTION 1

The Framework for Aligning Economic and Workforce Development 3
Basis for the Research Findings 4
Selection Criteria for Cities Researched 4

FINDINGS: LESSONS FROM INNOVATIVE CITIES 5

Convening and Mobilizing Key Municipal Participants 5
Policy Options to Link Workforce and Economic Development 8
The Role of a Mayor 9
Organizing Activities Around Sectors of the Local Economy 10

FINDINGS FROM INTERVIEWS WITH EMPLOYERS IN BALTIMORE AND NATIONALLY 12

Dissatisfaction with the Public Workforce System 12
A Skill Shortage, Not a Labor Shortage 12
A More Business-Oriented Approach 13
Satisfied Employers 14

CONCLUSION 15

APPENDIX 1: THE ECONOMIC AND POLITICAL CONTEXT FOR ALIGNING ECONOMIC AND WORKFORCE DEVELOPMENT IN BALTIMORE 18

The Economic Context 18
The Political Climate 19
Previous Revitalization Efforts 19

APPENDIX 2: STRENGTHS FOR ALIGNMENT IN BALTIMORE 21

Institutional and Infrastructure Assets 21
Key Players 21
Key Programs and Policies 23
Innovative Strategies 23

APPENDIX 3: METHODOLOGY AND COMPARISON CITY SELECTION CRITERIA 25

APPENDIX 4: SYSTEM PERFORMANCE MEASUREMENT 29

Aligning Workforce Development and Economic Development in Baltimore

Introduction

This report provides an overview of the findings from research into "best practices" in improving the alignment between municipal and regional workforce and economic development activities. The results of this research are meant to inform similar efforts undertaken by the City of Baltimore. Jobs for the Future (JFF) conducted research from which the findings in this report are drawn. The Open Society Institute, the Abell Foundation, and the Annie E. Casey Foundation have provided the funding.

The impetus for this research stemmed from a finding of the Mayor's Workforce Development Transition Committee in December 1999: there is a pressing need to better coordinate the city's economic and workforce development activities. To identify best practices around aligning activities in these two fields, JFF interviewed workforce and economic development leaders in seven cities. JFF also interviewed national business leaders, as well as representatives of six leading Baltimore firms. Finally, JFF interviewed representatives from twelve Baltimore employer organizations, community-based organizations and city agencies.

Few cities have coordinated their efforts around economic development and workforce development successfully. Traditionally, city economic development agencies recruit businesses to the area, generate financing options for large-scale development projects, or help existing firms expand. Workforce development agencies tend to focus on increasing the skills and aptitudes of current, transitional, and future workers. Rarely does planning for both economic and workforce development occur in conjunction. The costs of this lack of coordination are typically a local workforce ill-prepared to meet the needs of local employers and scaled-back urban development plans, combined with the difficulties of attracting new businesses to a community that lacks sufficient numbers of appropriately skilled workers. Cities are realizing the need to bring these two critical functions—economic development and workforce development—into better alignment.

As Baltimore looks forward to greater alignment of its efforts, it faces a number of challenges. A shrinking manufacturing sector, the exodus of firms of all sizes and skill requirements, ballooning high school drop-out rates, and the fragmentation of public-sector activities to alleviate poverty have all contributed to stubborn and high rates of inner-city unemployment, as well as disaffection among existing and prospective employers.

In cities that have successfully confronted challenges similar to those faced by Baltimore, a common refrain heard from leaders is that economic development *is* workforce development: the quality of the local workforce is often the single

most important determinant in a business decision to relocate to or from a city. In some cities, public-sector seed funding has catalyzed highly successful initiatives that develop almost solely within the private sector. Other cities exhibit such a strong pull on employers that city agencies have more power to dictate terms and conditions for setting up shop—terms and conditions that typically link economic development with employment and improved career opportunities for city residents.

At present, Baltimore is poised to move toward increased alignment between its economic and workforce development activities, and its best strategy is to rely on synergies that develop out of well-coordinated public/private ventures bridging economic and workforce development initiatives. Such coordinated initiatives will require the active support and involvement of Baltimore's business community. To secure this, city leadership and public sector agencies will need to demonstrate clear evidence that it intends to initiate a long-term commitment to meeting their labor and skill needs.

That evidence is forthcoming. The city and its surrounding counties are actively seeking out the best strategies for maximizing the employment and economic growth benefits that can result from leveraging a wide range of public employment and training funds. Moreover, Baltimore's newly elected mayor, Martin O'Malley, has given every indication that he is prepared to upset the status quo to chart a new course for the city. A single message that has come through quite clearly in our research is strong affirmation of the need for Baltimore to better align its workforce development and economic development activities.

As our research in seven leading cities demonstrates, coordinating or, at minimum, more closely aligning the functions of workforce and economic development activities generates multiple "wins"—for employers, public-sector agencies, and workers—by linking public workforce education and training with the skill needs of employers seeking to relocate to grow operations in a city. In these communities, employers' on-the-ground knowledge of the city's workforce capacity informs economic development decisions, and the needs of employers drive workforce development decisions. To the extent that these cities have linked workforce development activities with high-wage, high-growth sectors of the economy, closer coordination has led to reductions in poverty and unemployment, as well as to increased employment retention.

Our research findings highlight "best practice" and innovative strategies from these seven communities in the area of aligning economic and workforce development activities citywide. We have focused our research on five promising strategies for innovative policy and practice: leveraging municipal resources; forging multiple agency partnerships; engendering mayoral support; organizing economic and workforce development efforts around industry sectors; and engaging leading employers.

In addition to examining best practices in seven cities, we have also looked closely at how regional initiatives have developed out of, or in conjunction with, city efforts. It is frequently the case that, although they are the economic engines

of a region, large cities do not have a monopoly on employment opportunities. Regional initiatives that align economic and workforce development activities have developed, in part, as a response to acute labor shortages in city suburbs.

This report builds on the work of several recent studies conducted in Baltimore, including Brandon Roberts and Associates' 1997 report for the Annie E. Casey Foundation, *Workforce Development in Baltimore: Opportunities and Challenges in Meeting the Job Needs of the Inner-city Poor*, and *Baltimore Area Jobs and Low-Skill Job Seekers*, the 1999 Job Opportunities Task Force study. In December 1999, the Mayor's Workforce Development Transition Committee looked closely at Baltimore's current economic and workforce development activities and cited the need to integrate workforce development with economic development and educational competencies as a primary recommendation.

The Framework for Aligning Economic and Workforce Development

Cities that have made progress in coordinating economic and workforce development activities have tended to share the following essential characteristics. These characteristics provide a useful framework for planning by Baltimore's public and private sectors.

There is a high degree of coordination among the municipal agencies and organizations responsible for economic and workforce development activities.

Municipal agencies and organizations responsible for economic and workforce development activities, including human service agencies, have developed common objectives and strategic plans. The objectives and strategic plans specify how activities of each agency or organization will be mutually complementary.

The business community endorses and participates in coordination.

The coordinated efforts of economic, workforce, and human service activities are responsive to and valued by the business community. Successful initiatives are consistently responsive to the needs of businesses, although the initiatives are not necessarily business-led.

The political will to make hard decisions is evident.

The type and degree of restructuring required to forge a system that aligns economic and workforce development activities is often disruptive to the status quo. In nearly every city studied, initiatives have succeeded in large part because city leaders had the political will to push for change.

Coordination efforts involve a broad range of industries.

Often, one objective of aligning the public funding and support that typically accompanies workforce development with the private-sector objectives of economic development is to address issues related to urban poverty. Successful initiatives target economic development recruitment at a broad range of

industries with so that the local economy can better provide jobs at a variety of skill levels.

Basis for the Research Findings

Building an effective, reliable workforce development system is a primary concern for employers, elected officials, community-based organizations, and state educational systems. Historically tight labor markets over the past several years have consistently led employers to rank recruiting and retaining skilled workers as a top priority. At the same time, low-wage, poorly skilled workers are struggling to find avenues into the labor market and occupations that will increase their skill level, pay a family-sustaining wage, and offer improved upward mobility. This economic climate has contributed to the discovery of a common denominator among business, labor, community organizations, and government around workforce development: the importance of a strong, diversified labor market.

Our research into the best practices of leading cities and businesses has produced several important lessons for the City of Baltimore as it undertakes efforts to make more efficient its diversity of workforce and economic development programs. The lessons cited below are based primarily on research in the seven cities noted above, but it also draws lessons from secondary research on the subject of aligning economic and workforce development.

Selection Criteria for Cities Researched

The strategic options presented in this report are based on an analysis of economic and workforce development systems in Austin, Texas; Berkeley, California; Boston, Massachusetts; Cleveland, Ohio; Memphis, Tennessee; Portland, Oregon; and Seattle, Washington. Each of these cities has a reputation for innovative approaches to aligning economic and workforce development activities (see overview of cities in Appendix 3).

To select these cities, we used several criteria. Each of the seven cities:

- Draws upon the strengths of independently coherent workforce and economic development systems;
- Has taken steps to coordinate economic and workforce development in a systemic manner;
- Measures outcomes effectively;
- Aligns economic and workforce development with initiative that are sector-focused but include several sectors (e.g., IT, biotech, light manufacturing, health care); and
- Has demonstrated evidence of job-centered economic development.

Findings: Lessons from Innovative Cities

In interviews with municipal officials in the seven cities studied, we identified strategies for aligning economic and workforce development that focused on several areas:

- Convening and mobilizing key municipal participants;
- Utilizing linkage programs;
- Determining the role of mayor; and
- Organizing activities around sectors of the local economy.

Convening and Mobilizing Key Municipal Participants

Municipal Strategies

To align economic and workforce development, some cities have embedded these functions within the mission of a single city agency, or a few agencies, and have made workforce development considerations central to the city's economic development policy. This approach institutionalizes the coordination of economic and workforce development activities, helping initiatives withstand changes in municipal administrations.

In Seattle, Berkeley, and Boston, city agencies have taken the lead in pulling together the partners necessary to improve the alignment between economic and workforce development. In the case of Seattle, the agencies with the primary responsibility for administering workforce and economic development activities have merged into a single body. Workforce development decisions (e.g., the type of training and support services needed to meet industry needs) are made within the context of broader, long-range economic plans. In Berkeley, lead economic and workforce agencies have formed close partnerships to improve planning and coordination of their activities.

Boston's strategy for aligning workforce and economic development is characterized as municipal because the impetus comes primarily from Mayor Thomas Menino and it is executed via city agencies. These agencies include the Boston Redevelopment Authority, Economic Development Industrial Corporation, Office of Jobs and Community Service, and the Boston Private Industry Council. Leaders from these agencies meet periodically to map out coordinated strategies for Boston's economic and workforce development efforts. Boston's One-Stops are competitively bid out to several contractors. Each contractor has negotiated with the Private Industry Council the specific performance standards by which overall performance is measured. These standards are tied to the specific mix of funding streams that fund services at each of the One Stops. While each One Stop provides a mix of services, all provide assessment for Empowerment Zone services.

Employer-Led Strategies

While all seven cities have built their efforts with an eye toward maximizing employer engagement, in some, employers have initiated and maintain these efforts. The advantage of this approach is that employers "buy-in" more in the initial stages of the effort, increasing the likelihood that it resulting workforce development strategies will yield employment in occupations for which there is a high demand. The research suggests that this strategy is particularly well received in cities in which the business community has lost faith in the public sector's ability to provide an adequate labor force.

Employer Organizations as Labor Market Intermediaries

Employer organizations often serve as intermediaries, connecting their employer members with community-based and public organizations that work to place and support workers in the labor market. These organizations—often Chambers of Commerce but also affiliates of trade associations such as the National Association of Manufacturers—serve in various capacities as intermediaries: from organizing and aggregating employer member interests, to brokering for services with educational institutions and training providers, to directly providing services to their employers.

Tulsa IndEx

Industrial Exchange (IndEx), established in 1992 by the Metropolitan Tulsa Chamber of Commerce, has a dual role. First, it provides community-based work experience for welfare recipients, preparing them for low-skill production and assembly jobs. It is also a job broker, using its clout in the business community to help place IndEx participants in permanent jobs.

Holyoke Chamber of Commerce

The Greater Holyoke Chamber of Commerce in Massachusetts has been the linchpin in the development of a training consortium for entry-level workers. Local employers in paper converting have combined training efforts and funding for several entry-level occupations. In addition to collaborating around curricula development, these employers have entered into hiring agreements to minimize "poaching." The Chamber has leveraged its role as a trusted intermediary to broker training and support services for participants in the training programs.

In Austin, Cleveland, and Memphis, local chambers of commerce lead efforts to align economic and workforce development. In Austin and Cleveland, the city relies on the chamber to provide economic development functions. The Austin chamber has created the non-profit Capital Area Training Foundation as its training arm and views city agencies primarily as sources for client referrals.

The city of **Memphis** approached the Greater Memphis Chamber of Commerce to take the lead in pulling together workforce and economic development efforts. The chamber and the city's Office of Planning and Development convened a meeting of over 100 businesses to discuss methods for connecting

business interests with workforce development. This resulted in the Memphis 2005 Program, a $15 million project funded primarily by business with matching funds from the city and county.

Memphis' System-wide Outcome Measures

Memphis' efforts have led to a tightly organized and closely coordinated system in which economic development decisions drive workforce development activities. The Memphis 2005 program includes benchmarks against which progress toward its nine strategic goals are periodically measured. These goals are:

- Balanced industry mix;
- Improved job-growth;
- Increase in personal per capita income;
- Improved minority business development;
- Increased capital investment;
- Improved education ranking of city and county schools;
- Increased international trade and investment;
- Improved urban revitalization; and
- Increased public safety.

Foundation-Supported Strategies

Frequently, charitable foundations have supported the development and implementation of innovative strategies for aligning economic development with specific, poverty-reduction objectives.

Both Cleveland and Seattle have received financial support and technical assistance from foundations. These foundations worked closely with leading city and business partners to craft approaches that have the primary objective of casting economic development activities as strategies to reduce poverty.

Cleveland has successfully adapted a national model for workforce development and combined it with local foundation funding. The Greater Cleveland Growth Association, the city's Chamber of Commerce, has leveraged its expertise in meeting the needs of local businesses with funding from the George Gund Foundation. Modeled on the Annie E. Casey Foundation's Jobs Initiative, Cleveland's Jobs and Workforce Initiative is a business-led collaboration focused on raising the level of workforce quality, ensuring that the skills of the region's workers match the needs of current and future employers,

and improving the region's capacity to match qualified job seekers with available jobs.

Policy Options to Link Workforce and Economic Development

Considerable research has been devoted to the question of the use of economic development incentives for employers and, consequently, to the expected returns on the public's investment. While our research did not address the efficacy of tax-related benefits, foreign trade zones, property tax exemptions, and other incentives, we did examine strategies that sought to link public economic development incentives with the creation of "good" jobs for low-income city residents. Where these strategies exist, they indicate the strength of a local economy and a city's ability to attract business. This characteristic of a city allows it to place higher demands on firms for returns on public investment than could be expected in cities with weaker economies.

First Source Agreements

In general, *first source agreements* require firms that receive public economic development funds to give first consideration for hiring to a specific population in the workforce. Our findings around this strategy of directly linking economic development activities with local workforce development demonstrate that the success touted in earlier studies has shown a significant tendency to weaken over the years.

Interviewees with city officials in Berkeley and Portland cited tensions over "turf" as reasons for de-coupling planning around economic development from hiring agreements with firms. Portland has removed workforce development activities from the city's economic development agency, the Portland Development Commission, and placed them under the administration of the newly developed Workforce Investment Board. Berkeley has placed adult workforce development activities under the administration of the local Department of Health and Human Services, seeking to provide a continuum of workforce services to youth and adults. In both cases, a formerly integrated program housed in a single economic development agency has been re-divided into economic and workforce development activities. While both cities continue to utilize first source agreements, the relationship of those agreements to the activities of the local economic development agency has weakened considerably.

Multnomah County's Strategic Investment Program

Multnomah County (which includes Portland), Oregon, employs its Strategic Investment Program (SIP) to link public training funds to employment opportunities for its residents. The SIP seeks to link the provision of tax incentives for attracting companies with a requirement for those companies to meet certain employment, wage and local investment targets. These companies are required to participate in Portland's First Source hiring program, which provides employment opportunities to residents. SIP also played a pivotal role in creating a Microelectronics Training Center at a local community college. This program provides training for those wishing to join the semiconductor

workforce in the area, in addition to providing incumbent worker training. The SIP's arrangement with LSI Logic, a semiconductor company, is instructive for cities or counties wishing to adopt this type of agreement. LSI is obligated to create long-term jobs with family-sustaining wages, benefits and working conditions. In exchange, LSI receives from SIP tax incentives, training assistance, and a highly qualified workforce.

Real Estate Development Linkage

Nationally, some cities have linked urban real estate development with the funding of a "job-training trust fund" for low-income city residents. Typically, these agreements have required real estate developers whose commercial projects exceed a specified square footage to contribute a fixed dollar amount per additional square foot to a public fund. That fund can be used for a variety of activities, including the creation of low-income housing and job-training.

Boston has developed a housing and job training trust that is funded by developers, with fees levied on each square foot exceeding 100,000 square feet. Of the six dollars per square foot levied, five dollars go into a low-income housing trust, and one dollar goes into the city's job training trust.

Our research suggests that Baltimore should carefully consider its leverage over local employers before adopting mandatory linkage programs. Baltimore's primary economic development objective is attracting new businesses to a city that has, over the past decade, seen the number of employers dramatically decline. The adoption of linkage programs at this stage could be viewed as a deterrent to prospective businesses. Voluntary first source agreements, however, may prove to be a fruitful strategy if, as in Multnomah County, they are linked with public funding for training.

The Role of a Mayor

The mayors in the seven cities play widely varying roles. However, our research indicates that cities utilizing municipal strategies were more likely to rely on strong mayoral support than were cities following employer-led strategies. Mayoral involvement in successful strategies ranged from tacit approval to the public use of the "bully pulpit" to promote an initiative over successive administrations.

Sometimes, the distinction between a mayor's roles in economic versus workforce development follows from his or her emphasis on the dual roles and responsibilities as a "downtown mayor" versus those as a "neighborhood mayor." Answering to the demands of each role has direct implications for a mayor's approach regarding aligning economic and workforce development. For example, a "downtown mayor" is conscious of the need for increasing a city's tax base by promoting traditional types of development, such as the construction of a branch plant or a sports stadium. A "neighborhood mayor" (perhaps the same person responding to different responsibilities) would respond to his or her constituency's needs—for example, for more and better

paying jobs. The balance a mayor strikes between these roles tends to determine his or her agenda for economic and workforce development.

Prominent Mayoral Role

As a city's chief elected official, a mayor has significant influence over the direction of city policy. Those mayors who rank workforce development as a priority typically have a strong grasp of the city's economic development needs. These mayors encourage workforce and economic development initiatives and rally business and community support behind them. These mayors can also articulate the strong connections that workforce and economic development have to a city's broader objectives—particularly reducing crime, improving education, and alleviating poverty.

Our research identified four cities in which the mayor plays a prominent role in efforts to align economic and workforce development activities. Seattle, Berkeley, and Boston pursued municipal strategies that promoted close coordination among city agencies. In the Austin, the mayor initiated a strong, Chamber-led initiative that involves city and county government agencies as partners.

Prior to becoming Boston's Mayor, City Councilor Thomas Menino was a trustee for the city's Job Training Trust. This fund, generated from commercial development, is targeted to job training for low-skill workers. For Menino, the experience underscored the importance of linking publicly funded economic development activities with workforce development for the city's neediest. As mayor, Menino convenes regular meetings of the heads of economic and workforce development agencies to map out coordinated activities for these important city functions.

Less Prominent Mayoral Role

In many cities, mayors view economic development and workforce development as activities that function best when funded by the public sector but left largely to the private sector to administer. These mayors minimize their influence over the coordination of economic and workforce development, often in an effort to maximize private-sector identification with the initiative.

The mayors of Memphis and Cleveland have played a range of roles, from highly non-intrusive to behind-the-scenes to directly involving the public sector in coordinating economic and workforce development. Nevertheless, the strategies pursued in all three cities are primarily led by the business community.

Organizing Activities Around Sectors of the Local Economy

Many cities have adopted an industry-sector strategy for organizing the services delivered to area businesses. This strategy encourages firms that produce similar products or services to cooperate around defining their labor force needs. Most cities covered in our research utilize some variant of this strategy.

Targeting Existing Industries

Austin and Memphis have organized firms into sectors, viewing this as an initial step in developing distinctly employer- or chamber-led initiatives. This method of organizing firms in a local economy greatly facilitates the development of specific, employer-defined goals for emerging initiatives. In each case, the resulting workforce development efforts have raised their level of targeting to the needs of local firms. Firms can better articulate their training needs, which allows training and support service providers to provide services that better met the needs of their dual clients—employers and workers.

Targeting Future Industries

Some cities have placed a priority on identifying industry sectors that they would like to "grow" in their local economy, organizing economic and workforce development activities accordingly. This strategy often targets development at high-profile industries, such as information technology, telecommunications, or finance. The Baltimore Development Corporation's six-industry focus represents such a strategy. In addition, by developing career ladders or modularized, customized, training curricula, most of these cities have linked both transitional workers and new entrants to the labor market to jobs in the targeted industries.

Findings from Interviews with Employers in Baltimore and Nationally

In addition to examining practices in seven cities, we interviewed representatives of leading Baltimore and national firms. Among Baltimore employers, we found:

- A general sense of dissatisfaction with the public workforce system;
- A perception that the workforce problem is a skill shortage, not a labor shortage;
- A need for the public system to adopt a more business-oriented approach, with clear goals and performance measures; and
- General satisfaction with city-sponsored customized training programs they have utilized.

Dissatisfaction with the Public Workforce System

The most common refrain among Baltimore-area employers is frustration with the public workforce development system. Specifically, they wanted the city to identify a single point of contact for workforce development. Generally, employers suggest that there is much duplication of services and too little coordination among the different city agencies with responsibilities in workforce development.

From an employer perspective, this confusion is off-putting and a major disincentive to participation in initiatives. According to one employer, rather than sustained workforce initiatives, there is a "flavor of the month feel to city-led efforts, and most no longer exist six months later." In additional, employers did not sense any effort on the part of the city to coordinate its economic and workforce development agendas.

These findings are borne out by research that has identified challenges that employers face nationally when seeking to utilize the public employment and training system. Specifically, employers feel hampered by the difficulty in finding service providers that can provide customized training and education services. Employers also express frustration with the perceived inflexibility of public workforce development agencies.

A Skill Shortage, Not a Labor Shortage

The general sense among Baltimore employers is that plenty of workers could fill vacant jobs—if they had the requisite skills. Many employers expressed frustration that this skill shortage had interfered with their business expansion plans, and they thought this was often the case throughout their industry. Employers were frustrated that the city's large pool of available labor lacks the skills to enable people to fill entry-level jobs. Employers feel that the public workforce development system does not have the capacity at present to train workers with the necessary skills and to do so in a systemic manner.

Again, national research confirms that this perception of a skills shortage is widespread. During the last five years, the number of firms reporting skills shortages has doubled. In addition, the literacy, numeracy, communications, and teamwork skills required by employers have increased. This environment has prompted many U.S. firms to take a leading role in shaping local workforce development activities. Many of these employers have advocated workforce development strategies that, at least initially, focused on placing workers in sectors where the gap between the skills held by the labor force and the skills required by employers is narrowest.

A More Business-Oriented Approach

Baltimore employers had many suggestions when queried as to how the city could increase employer involvement with the public workforce development system. The general sense among employers was that the system has to be made more accountable: they articulated the need for the public system to adopt a more business-oriented approach, with clear goals and performance measures. Another common suggestion was to better define the roles and responsibilities of each participant and each organization involved.

According to one employer, businesses are reluctant to get involved because actors in the public system don't "speak their language"—the language of retention, return on investment, outcome measures, and career development. One employer mentioned the power of peer testimonials in leveraging increased employer involvement. Public agencies should utilize this powerful tool more fully.

In general, employers feel that city agencies have successes they could market better, even as they market available programs. One employer suggested that the Office of Employment Development and other agencies attend meetings of employer organizations and make presentations about their available services for businesses. The power of peer testimonials would be most effective in such an environment.

The employers interviewed also mentioned the significance of the mayor's involvement in such initiatives. Employers want to hear that workforce development is a priority for the new administration—and they feel this was not the case with previous administrations. Employers want to see the mayor in a visible role, using his influence to bring parties together from various sectors around a new workforce development initiative.

Across the United States, businesses that have taken the lead role in shaping local workforce development activities have identified many areas in which the public sector can encourage employer participation. Specifically, employers have identified high value in public-sector assistance with such business needs as improving the quality of the job match, increasing retention and reducing turnover, and strengthening career advancement opportunities for entry-level workers.

In many cases, both city leaders and businesses have noted the importance of a trusted "intermediary" between the business community and the public system. These business-oriented intermediaries can serve several functions, not least of which is as an employer's single point of contact with an often-confusing public system. Still, other employers stressed that a wide range of funding sources minimized their dependence on the public sector, thereby reducing their need for an intermediary.

Satisfied Employers

Several Baltimore employers reported satisfaction in working with the Office of Employment Development and the Baltimore City Community College (BCCC) on small-scale, customized, training projects. Those successes can be expanded into a more systematic public training service, and there is a degree of good will among employers who have worked with OED and BCCC to develop customized training programs. However, these training programs are small in scale. To take these initiatives to scale will require coordinating the city's economic development initiatives with workforce development.

Underlying employer satisfaction appears to be a focus on the future. Research nationally indicates that employers are more likely to value their involvement in a public workforce development system if they derive long-term productivity benefits—and that this is more important than short-term public subsidies. Moreover, employers have noted a number of promising strategies for preparing a workforce that can serve these long-term business needs for a productive workforce. These include, for example, mentoring and coaching for new and incumbent workers, better training for supervisors, assistance for employees who must address barriers to long-term employment, and increasing access to company benefits. In addition to these strategies, the experience of the Boston Private Industry Council suggests that building employer involvement around work-based learning deepens employer commitment to workforce development more broadly.

Conclusion

Our research has sought to identify and highlight best practices employed by cities and businesses in improving the alignment between economic and workforce development activities. Several themes emerged from our findings that, collectively, may serve as guideposts for decision-making for the City of Baltimore. Specifically, approaches to convening and mobilizing key state and municipal participants, utilizing employment linkage programs, defining the role of the mayor, and organizing around economic sectors were identified as challenges faced by each city covered by our research.

Mobilizing key participants

With regard to convening and mobilizing key participants, our findings suggest that Baltimore may want to consider pursuing a strategy that leverages the public funding, institutional stability, and private sector leadership afforded by the recently formed Baltimore Workforce Investment Board and draws on the business community expertise of an employer organization, serving in an intermediary capacity.

Strong municipal strategies, such as in Seattle and Boston, work best when exercised in the context of a strong local economy. In this context, cities are able to exert leverage over existing and prospective employers to the benefit of their workforce. In turn, the quality of the local workforce acts as a lure to businesses, making them more amenable to city demands. Likewise, strong employer-led strategies, such as in Austin and Memphis, tend to grow out of an active business community that recruits public support for its initiative.

The basis for pursuing exclusively one strategy or the other does not yet exist in Baltimore. The primary objective of Baltimore's economic development efforts is to recruit businesses to a city that has witnessed an erosion of its employer base over the past decade. Moreover, the frustration felt by Baltimore employers resulting from past initiatives has contributed to a "wait and see" approach by many. Baltimore may be best served by encouraging the BWIB to play a strong planning and leadership role while, at the same time, increasing the capacity of existing or new employer organizations that are able to serve as intermediaries between the business community and the public sector.

Utilizing employment linkage programs

Employment linkage programs, as described in our findings, can be useful tools if applied in the appropriate economic environment. Where these programs are most effective, cities are able to leverage strong employer demand for labor to benefit specific populations of workers. In Boston, Portland and Berkeley, linkage programs—either first source agreements or, in Boston's case, a job training trust fund—are utilized to maximize public sector returns on investment in both workforce and economic development.

Baltimore should exercise caution when considering adopting linkage programs. Mandatory programs may be viewed as a deterrent to prospective businesses. However, structuring programs in such a way as to, for instance, provide matching training funds for firms willing to participate, may be one approach to linking economic development funding with workforce training. Multnomah County's (Oregon) experience with its countywide Strategic Investment Program (SIP) may serve as a useful example for Baltimore.

Defining the role of the mayor

Regarding the role played by mayors in aligning economic and workforce development, cities covered by our research fall into two categories—mayors are either the champions of the initiatives or they work behind the scenes, supporting the initiative when needed. With the exception of Austin, mayors who have taken on prominent roles are typically championing municipal initiatives. Seattle's former Mayor Norm Rice catalyzed that city's efforts, which are actively supported by its current mayor. Similarly, Boston's Mayor Thomas Menino plays an active role in pulling together that city's coalition of city agencies and its Private Industry Council. Employer-led initiatives typically require much less support from mayors, as is the case in Memphis and Cleveland.

Baltimore's Mayor will need to play an active role in promoting his city's initiative. The difficult decisions that must be made regarding the roles of city agencies can only be made by the Mayor. Moreover, re-engaging the business community in workforce development efforts will require leadership from the Mayor's office, and the influence of his bully pulpit. Similarly, regional economic development initiatives will succeed only with the full support of the region's economic engine. The Mayor should take the lead in forging a "demand-driven" partnership at the regional level, as well as in the City.

Organizing around economic sectors

All of the cities covered by our research have adopted some type of industry sector organizing strategy. The primary benefit of viewing a local labor market in such a manner is that it improves the city's workforce development system's ability to provide targeted education and training programs. Sector organizing strategies also allow firms to more clearly articulate their training needs to the workforce development system.

If one of the objectives of aligning economic and workforce development is to move city residents into family-supporting jobs in industries with a future, then consideration has to be given to the entry-level skill requirements of industries targeted for recruitment into Baltimore. By balancing the mix of industries targeted for economic development, the workforce development system will be better able to integrate city residents into the labor market, at all skill levels. The Baltimore Development Corporation's six-industry strategy represents a balanced industrial mix. OED and BDC may wish to consider developing specific strategies for linking city residents, particularly transitional workers and low-skilled workers, with jobs in the recruited industries.

Baltimore's Digital Harbor economic development strategy represents an opportunity to pilot many of the approaches suggested by these findings. The Digital Harbor focuses on the information technology industry and contrasts with prior economic development efforts by tapping into a rapidly growing sector of the economy, with the potential to dramatically increase local job growth at a wide range of skill levels. Moreover, because information technology is highly exportable, it will produce multiplier effects on employment in other local firms. Supplier networks that develop to serve this industry will also require labor.

Over time, this arrangement could lend itself to the creation of a sector-based, skill-supply chain within which Baltimore can "grow its own" workforce to supply information technology firms. By systematically linking the skills acquired at one level of employment with the skills required at another, higher level of employment, the city could integrate "soft skills" training, on-the-job training, and customized training programs into a "skills supply chain." This network of employers, training providers, and support service providers could supply employers in multiple sectors with skilled workers *and* offer those workers multiple opportunities for advancement within the local labor market.

With this report, we have highlighted a number of factors that may assist Baltimore in more closely aligning its economic and workforce development activities. Baltimore is poised to move productively in this direction, which will yield multiple benefits to all stakeholders.

Appendix 1: The Economic and Political Context for Aligning Economic and Workforce Development in Baltimore

The Economic Context

The city of Baltimore has undergone dramatic economic changes over the past decade, including rising unemployment through much of decade, decline in business establishments, and persistent urban poverty. A recent report by the U.S. Department of Housing and Urban Development ranked Baltimore twenty-seventh in the nation among "doubly burdened cities"—those cities reporting unemployment rates in 1999 greater than or equal to 6.3 percent in addition to either a population decline between 1980 and 1998 greater than or equal to 5 percent or a poverty rate in 1995 greater than or equal to 20 percent. Baltimore's unemployment rate in was 7.1 percent, compared to 3.9 percent in the Baltimore Metropolitan region.

Like many U.S. cities, Baltimore has seen its industrial base decline, along with occupations that could support families on the income of a single wage earner. This industrial decline has contributed to a general population decline: from 906,000 residents in 1970 to just under 690,000 today. From 1992 to 1997, the number of business establishments in Baltimore declined by 5 percent. At the same time, the number of business establishments in its suburbs grew by 10 percent. However, due to a weak public transportation system, many of these jobs are currently inaccessible to many inner-city residents.

As noted by the recently formed Baltimore Workforce Investment Board, city agencies and employers face a series of challenges in connection with the economy. Among them are:

- *Fragmented workforce activities:* Baltimore needs to review its service delivery system in order to maximize its efficiency and to more adequately fill in service gaps.

- *Shortage of skilled workers:* Workforce and economic development leaders in Baltimore acutely feel a need to identify the "skills gap" between the employers' skill requirements and the skills of the workforce, then target curricula to address skills shortages and engage the business community in the process.

- *Employer confidence:* Despite persistent job vacancies, employers have taken a "wait and see" approach with regard to creating a single, coherent workforce development system.

- *Mismatch between economic and workforce development priorities:* Workforce development programs have operated with little knowledge of the city's economic development plans, creating problems for both economic development and workforce development.

The Political Climate

Baltimore is currently enjoying a political rejuvenation, led by Mayor Martin O'Malley. The mayor indicated early on in his administration that he is ready and willing to make the difficult choices to turn Baltimore's economy around. The stated goals of the administration chart a course toward economic and political revival that would improve the lives of Baltimoreans at every skill level.

The new administration has staked out appropriately ambitious goals for the city. These include:

- Making Baltimore a safe, clean city;
- Increasing educational, cultural and recreational opportunities for children;
- Making government responsive, accountable and cost effective;
- Strengthening Baltimore's economy by increasing tax base, jobs and minority business opportunities; and
- Creating stable and healthy neighborhoods.

The mayor's appointments to Baltimore's Workforce Investment Board, charged with the planning and oversight responsibilities of Workforce Investment Act funds, sends a clear signal to the business community that his administration is at the forefront of taking the city in a new direction. Efforts taken to more closely align economic and workforce development activities in Baltimore will contribute significantly to meeting several of the mayor's goals.

Previous Revitalization Efforts

Previous revitalization efforts, such as the development of the Inner Harbor and Camden Yards, have done a great deal to rejuvenate Baltimore's image and increase the tax base. However, once construction ended, these projects have primarily offered service-sector jobs, with relatively low pay, and they do little to increase the city's domestic and international export base. Because these efforts do not lead to the production of exportable goods, their ability to expand production, thereby creating new jobs, has been limited.

Baltimore's Digital Harbor economic development strategy, which focuses on the information technology industry, contrasts with prior economic development efforts: it taps into a rapidly growing sector of the economy, with the potential to dramatically increase local job growth at a wide range of skill levels. Moreover, because information technology is highly exportable, it will produce multiplier effects on employment in other local firms. Supplier networks that develop to supply this industry will also require labor.

Over time, this arrangement could, lend itself to the creation of a sector-based, skill-supply chain within which Baltimore can "grow its own" workforce to supply information technology firms. By systematically linking the skills

acquired at one level of employment with the skills required at another, higher, level of employment, the city could integrate "soft skills" training, on-the-job training, and customized training programs into a "skills supply chain." This network of employers, training providers, and support service providers could supply employers in multiple sectors with skilled workers *and* offer those workers multiple opportunities for advancement within the local labor market.

Appendix 2: Strengths for Alignment in Baltimore

Institutional and Infrastructure Assets

Baltimore is endowed with several key strategic assets. It is world-renowned for its fine universities. It is known as a center for research and a hub for higher education—two attributes that are of considerable importance in today's economy. The metropolitan area is home to over 30 colleges and universities, including Johns Hopkins University and the University of Maryland, both located within the city. Baltimore City Community College, a comprehensive, two-year degree granting college, is one of the city's largest training providers.

Baltimore's transportation infrastructure is another key competitive advantage. Downtown Baltimore is minutes away from Interstate 95, facilitating quick access to major cities along the East Coast, as well as throughout the nation. Baltimore boasts high-quality commercial and passenger rail service. Additionally, Baltimore-Washington International is one of the nation's least expensive airports for domestic travel. Leveraged together, these infrastructure and institutional assets place this region in a unique position to attract and retain new businesses and industries.

Moreover, Baltimore has a relative low cost of living, and housing costs are lower than in many comparable cities. These factors contribute to a high quality of life. Baltimoreans also benefit from the presence of high-quality hospitals that insure quality health care at a reasonable price—a major advantage amidst escalating health care costs nationwide.

Key Players

Many key players are dedicated to advancing issues of workforce and economic development in the city.

The Mayor's office has taken several steps toward advancing economic and workforce development. The mayor has made improving economic development and increasing the efficiency and effectiveness of city government two of his administration's major goals. He has also designated workforce development as a cabinet-level position. The mayor recently appointed the members of the Baltimore Workforce Investment Board, sending a clear signal to the business community that Baltimore has committed itself to meeting their needs. In addition, the mayor has actively promoted the launch of the city's "Digital Harbor" initiative to attract technology entrepreneurs to Baltimore.

The Baltimore Workforce Investment Board is a mayoral-appointed alliance of business leaders and representatives from education, community, human services, and economic and workforce development organizations. Its role is to guide a process that will help ensure that the local workforce has the skills necessary to meet the current and future demands of the regional employer

base. The board is charged with developing a workforce strategy for the entire city that is tied to economic development and can measure the progress and performance of the local delivery system.

The Baltimore Office of Employment Development works to link the supply and demand sides of the labor market. It is the city's primary agent of workforce development services for employers, new workers, career changers, laid-off workers, and youth. Last year, the agency assisted over 4,000 citizens in finding new or better jobs, and it filled positions for approximately 400 employers from top-growth industries. The agency's staff serves city residents with a combination of federal, state, and competitively procured resources.

The Baltimore Development Corporation focuses on economic development: its mission is to retain and attract businesses to the region. It seeks to accomplish this by providing customer service, offering innovative ideas and solutions, engaging others in a collaborative effort, utilizing all possible resources, and capitalizing on regional strengths.

The Greater Baltimore Alliance is the regional development organization created to build a successful economy for Greater Baltimore residents and employers. The alliance leads and directs regional image building and programs to retain and attract businesses, and it also provides a single point of contact and seamless customer service to newly locating and expanding employers.

The Department of Social Services provides relief and care for disadvantaged citizens in the city of Baltimore. The department also provides job-placement services and pre- and post-employment support services.

The Department of Business and Economic Development (DBED) is a state agency that provides funding for the Maryland Industrial Training Program (MITP). MITP provides incentive grants for the development, retention and training of new employees in firms locating or expanding their workforce in Maryland. In addition, DBED funds the Partnership for Workforce Quality, a program that seeks to stimulate investment in modernization through services for incumbent workers in small and medium manufacturing and technology companies.

The Department of Labor, Licensing and Regulation (DLLR) is a state agency that provides funding for numerous programs available in Baltimore. Among them are: Registered Apprenticeship programs; Trade Adjustment Assistance programs; Unemployment Insurance; Veterans Services; and funding for the Workforce Investment Act. Most of these programs and services are provided through local one-stops.

The Baltimore City Public School District recently hired a new superintendent who has indicated a willingness to work closely with the city's economic and workforce development efforts. The city's 841,671 students in 180 schools represent a promising workforce for the city's existing and potential employers.

The Greater Baltimore Committee seeks to improve the business climate of Greater Baltimore by organizing corporate and civic leaders to develop solutions to the problems that affect the region's competitiveness and viability.

Empower Baltimore Management Corporation exists to foster sustained economic activities within Baltimore's Empowerment Zones and to build communities in ways that give Empowerment Zone residents greater access to, and readiness for, those opportunities. It seeks to stimulate business development, facilitate job-readiness and training, provide opportunities for home ownership and entrepreneurship, encourage community and business partnerships, and ultimately transform Empowerment Zone neighborhoods into choice locations for living, working and running a business.

Key Programs and Policies

In addition to these public and private agencies, many high-quality, community-based organizations work to address workforce and economic development issues. Organizations such as the Job Opportunities Task Force and a network of over 100 non-profit providers were created in an effort to address issues of employment opportunities and job placement among the city's poorest residents.

Nationally, with the passage of the Workforce Investment Act in 1998, this has been a period of considerable activity around the issue of workforce development. In Baltimore, newly appointed Workforce Investment Boards are operational at both the city and state levels, and three different types of One-Stop career centers operate in the city alone: those run by the Office of Employment Development, the Department of Social Services, and the Empowerment Zone.

Baltimore has five state-designated Enterprise Zones, which provide property and income tax credits to businesses operating within their jurisdictions. Because Baltimore is a federally designated Empowerment Zone city, funds are provided for the administration of EZ Village Centers in each target neighborhood. These centers provide job-placement services to community members. Businesses that locate within the Empowerment Zone, which falls within the boundaries of several Enterprise Zones, can qualify for benefits under both programs.

Innovative Strategies

Over the past several years, Baltimore has been home to several innovative programs that demonstrate that its residents and/or institutions are willing and able to take action when necessary to address major problems confronting the city. These programs include a successful Living Wage campaign, as well as the Bridges-to-Work initiative.

Empower Baltimore Management Corporation, at the request of University of Maryland Medical Systems (UMMS), developed a customized training program

for surgical technicians as an upgrade for existing entry-level UMMS employees. After the success of the initial class, UMMS asked if OED could also join the partnership. Since that time, both OED and EMBC have jointly funded this model "career ladders" program which trained ten new surgical technicians in its first year, all of whom earned $11-18 per hour upon program completion. The program has produced 25 graduates to date, 85-90 percent of whom are currently working as surgical technicians.

There is also a tremendous amount of innovation in Baltimore's rapidly growing technology and biotech sectors. The city is home to:

- *The BioTechnical Institute*, a training institute for specially trained and entry-level lab technicians for biotech firms;
- *The Greater Baltimore Advanced Technology Center*, a consortium of seven Baltimore-area community colleges that are partnering with state and local economic development agencies to serve new, emerging and expanding businesses;
- *The Emerging Technology Center*, a business incubator for technology firms, operated by the Baltimore Development Center;
- *The Baltimore County Technology Council*, an independent affiliate of the Baltimore County Chamber of Commerce that provides support services to companies producing technology-based products and services;
- *The Maryland Center for Arts and Technology*, an employer-driven, customized training provider in the health and financial services sectors.
- *The Greater Baltimore Technology Council*, GBTC's mission is to foster technology-centered economic development in the city; and
- *The American Can Company Building*, a newly redeveloped factory building and now the region's largest technology incubator.

In addition, the Tide Point office complex, a major commercial real estate development in the heart of the city, houses technology companies and employs over 2,000 people. Together, the American Can Company Building and the Tide Point development comprise much of what has been dubbed the city's "The Digital Harbor."

Appendix 3: Methodology and Comparison City Selection Criteria

Spurred by both an historically high demand for labor among current and potential area businesses, and an extreme skills shortage in the local labor market, the City of Baltimore has initiated a study to examine the potential for linking workforce and economic development, increasing business leadership of, and involvement in, workforce development, and further promoting ongoing regional workforce planning and cooperation.

In conducting this phase of the research, the primary task has been to identify those challenges that have prevented Baltimore from developing a more coherent and coordinated system, and then examining best practices in cities and regions that have successfully addressed similar barriers.

City selection criteria- cities selected for analysis will have met some or all of the following criteria

Draws upon the strengths of independently coherent workforce and economic development systems

According to our research, cities that have effectively aligned workforce and economic development activities have been able to do so, in part, because both workforce and economic development functions were well-defined prior to efforts to align them, and organizations providing these services cooperate rather than compete.

Has taken steps to coordinate economic and workforce development in a systemic manner

Our research shows that effective coordination requires cities to align workforce and economic development, and to take a systemic approach in doing so, by either:

- Creating partnerships comprised of the relevant workforce, support services and economic development agencies, or
- Co-location of staff in the relevant agencies (e.g., Baltimore), or
- Cross-training of staff from the relevant agencies in an effort to facilitate communication among agencies.

Measures outcomes effectively

Leading cities have given considerable attention to choosing their outcomes measurements, such as:

- Favorable responses from the business community
- Positive effect on workforce development/low-wage segment of labor market

Aligns economic and workforce development initiatives that are sector-focused, but include several sectors (e.g., IT, biotech, light manufacturing, health care)

Leading cities have conducted economic analyses of the local labor market and have selected sectors or industries on which to focus their coordination efforts.

Has demonstrated evidence of job-centered economic development

- make job-connections between low-income people and family-supporting
- engage employers and communities in innovative ways;
- improve the way local labor markets function for low-wage workers;
- are regional in scope;
- and focus on quality of jobs in economic development vs. quantity.

These criteria have produced a list of seven cities that have dealt successfully with challenges similar to Baltimore's. In each of these cities, Jobs for the Future interviewed key workforce and economic development staff to determine their strategies for integrating workforce and economic development efforts, and for engaging employers as active participants in the process. In addition, through interviews, Jobs for the Future explored the needs and perspectives of select leaders and staff of Baltimore's workforce and economic development efforts, as well as a limited sample of employers in the city and elsewhere.

The cities covered by our research are:

Austin—through a Chamber of Commerce-led initiative, and with strong and highly visible Mayoral support from two consecutive administrations, has created a partnership of City and County agencies, community-based organizations, community colleges and universities, numerous private training vendors, and the city's leading employers. This partnership, known as *Greater Austin@Work*, has taken the lead in coordinating the city's economic development activities with its workforce development and school-to-work activities. Against the backdrop of the Mayor's initiative to reduce wage and job inequity in the city, the *Greater Austin@Work* partnership has viewed its economic development activities within the context of the entire local labor market—from youth apprenticeship programs, to welfare-to-work programs, to incumbent worker training programs.

Berkeley—has been a pioneering city in the use of First Source agreements to link economic development in the city to the needs of its low-wage, low-skilled workforce. Currently, Berkeley's Office of Economic Development and its Department of Health and Human Services coordinate their activities so that firms receiving economic development funds form the city, or those requesting discretionary permitting greater than 7500 sq. ft., are required to give first consideration for certain jobs to those clients recommended by the city's First Source program. As a result of this effort, the City has placed over 200 workers into jobs paying an average of $11.00 per hour.

Boston—represents a relationship between the city's lead economic development and workforce development agencies that has evolved over the years. The current arrangement among the Boston Redevelopment Authority (BRA), the Office of Jobs and Community Service (JCS), and the Private Industry Council (PIC) has resulted in several innovative approaches to strengthening the linkages between the city's economic and workforce development activities. The Jobs Trust, managed by JCS and derived from Boston's Linkage program, is a workforce development fund for low-wage workers that is a direct result of the city's economic development activities.

The PIC is charged by state and federal government with overseeing Boston's employment and training system so that it serves the interests of both the city's residents and employers. Under federal law, the PIC develops priorities for the use of job training funds. Under state law, the PIC serves as Boston's Workforce Investment Board, responsible for coordinating a broad array of workforce development resources.

Cleveland—via a Chamber of Commerce-led initiative, has taken the lead in strengthening the region's capacity to support manufacturing, service, and technology-related sectors by creating a more efficient labor market.

To this end, the Chamber has created the Cleveland *Jobs and Workforce Initiative* – a business-led, collaborative effort focused on raising the level of workforce quality, ensuring that the skills of the region's workers match the needs of current and future employers, and improving the region's capacity to match qualified job seekers with available jobs. It was started by the Growth Association, Cleveland Tomorrow, and the Cleveland and George Gund foundations. In addition, the Greater Cleveland Growth Association has partnered with the Greater Cleveland Roundtable, CAMP Inc., and the Greater Cleveland Hospital Association to develop a multi-county system of Ones-Stops to match employers with qualified workers.

Memphis—in another Chamber of Commerce-led initiative, has assembled a group of 100+ Memphis businesses in the creation of long-range regional economic development plan called Memphis 2005. In the Memphis 2005 program, Memphis businesses have identified the need for a concerted effort around 4 main areas: minority business ownership, public policy & government relations, economic development, and workforce development. The Memphis Chamber of Commerce, in partnership with the city's Office of Planning and Development, manages this innovative strategy for aligning local business needs, high school career academies, community college training programs, and local workers in a system that seeks to "grow their own" workforce.

Portland, OR—had, until recently, coordinated its economic and workforce development activities through the Portland Development Commission (PDC.). JobNet, the city's workforce development initiative managed by the PDC, applied a type of First Source model to link economic development decisions to job-related poverty alleviation strategies. The PDC sought to ensure that the city's workforce was the primary lure for businesses interested in relocating to Portland. In 1998, workforce development activities were shifted from JobNet

and the PDC to Worksystems, Inc., a partnership of the chief elected officials of Multnomah County, Washington County, City of Portland and leaders from business, labor, and education. Worksystems, Inc. staffs the local workforce development board and administers the local WIA grant.

Seattle—represents perhaps, the most advanced municipal effort to fully integrate workforce and economic development activities. The primary goal of Seattle's Office of Economic Development (OED) is to increase the percentage of working-age adults who find and retain family-wage employment - with special emphasis on people of color, women and people with disabilities. In doing so, Seattle has integrated its workforce and economic development decision-making process under the purview of the OED. Strong Mayoral leadership over the past two administrations, active support from the City Council, and funding from the Annie E. Casey *Jobs Initiative* have helped to create a system that seeks to meet the demand of new and existing businesses in Seattle by improving the quality of its workforce development activities.

Appendix 4: System Performance Measurement

Taken from *Using Outcome-Focused Performance Measures to Drive Change and Improve Performance, Jobs for the Future, 2000*

Performance Measures and the Acceleration of Best Practice

Outcome measures prescribe expected standards of performance, but they typically are agnostic about the methods to achieve goals. This bias toward flexibility opens up the possibility for "breakthrough" solutions about how services might be delivered and the tasks organized. However, it can be argued, additional performance measures that open the "black box" of implementation might accelerate implementation that moves toward adoption of best practices.

Take our concern: the creation of a more demand-led workforce development system. From research and practice, there is a growing consensus (described in the overview paper) that effective programs share certain characteristics, such as a strong focus on employer needs, the ability to aggregate employer interests, staff who understand and are responsive to business as well as job seekers, and the use of management information systems and data to assess and improve performance. If these are the primary building blocks of a demand-led system, policymakers should consider designing performance measures that enable programs and organizations to assess their progress toward specific, highly desirable implementation goals (see box).

Implementation Milestones: Some Illustrative Examples

Performance measures that benchmark an organization's progress toward implementation of a demand-led system and that provide timely signals for midcourse corrections are critical to achieving sustained organizational change. These examples show the potential to create measurable implementation benchmarks of organizational progress at key milestones in the development of demand-led strategies. (Note that these are examples only: they illustrate how interim implementation measures can help drive progress in desired directions in an effort's first year or two, before ambitious outcome measures are likely to be achieved.)

Organizational Goal: *A critical mass of employers relies on the organization to provide appropriately skilled individuals to fill their jobs*

Organizational Milestones to reach this goal might include implementation of a first-class marketing and sales function; a labor market information system that tracks employer demands and skill needs; availability of a wide range of needed pre-employment and post-employment training and services; and the development of outcome performance standards and a related tracking system that focus on high-quality job placements.

Measurable Indicators of achieving these milestones over a one-year or two-year period might include:

Implementation of a marketing and sales function. Measures may include: a marketing plan targets industries, employers, and number of "sales;" adequate staff is dedicated to perform marketing functions and formally trained in the techniques of marketing to employers; and a significant percentage of an intermediary organization's revenues are invested in marketing and sales function.

Range of pre-employment and post-employment training and retention services are in place. Measures may include: the percent of revenues invested in upgrading worker skills; the existence of formal agreements with Employee Assistance Plan firms, or provision of these support services internally, to help individuals handle work/family transition issues; and offering customized training services targeted to the skill needs of particular job.

State of the art labor market information system is available to customers and used by staff. Measures may include: an appropriate system has been purchased; staff have been trained and use the system to guide training and placement; employers are using the system and find it useful, as measured through customer surveys; and a "consumer report" on high-quality training programs training programs is available for job seekers and employers.

Organizational outcome performance standards have been established: These standards focus on goals related to recruitment of employers, wage at placement rates, fill rate of high-paying jobs, customer service to employers, and employer satisfaction as measured by surveys.

The capacity to aggregate employer demand within a region or local labor market: Measures may include: clusters of firms are formally organized along industry or broad occupational cluster; sector employer organizations identify skill needs for high-growth jobs and participate in developing curriculum for training programs; and agreements with existing employer associations are in place to deliver workforce development services to members.